



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070041

#3540

OK

May 6, 2010

Dave Shaver, Manager
West Ridge Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Conditional Approval of Storage Shed, West Ridge Resources, Inc., West Ridge Mine, C/007/0041, Task ID #3540, Outgoing File

Dear Mr. Shaver:

The Division of Oil, Gas and Mining has completed its technical review of the above-referenced amendment and hereby grants conditional approval of the amendment. At this time the Cessation Order is considered to be abated and you may proceed with the construction of the Storage Shed. Upon satisfying the following conditions, final approval will be granted:

- Receipt of six complete clean copies.
- The Permittee must revise the bond cost estimate to be consistent with the Division's calculations. A copy of the spreadsheets are enclosed for your use in supplying the clean copies.

Please submit the additional information and requisite clean copies no later than May 20, 2010.

A stamped incorporated copy of the approved plans will be returned to you for insertion into your copy of the Mining and Reclamation Plan.

If you have any questions, please call me at (801) 538-5325 or Pete Hess at (435) 613-3731.

Sincerely,

Daron R. Haddock
Permit Supervisor

DRH/an
enclosures
cc: Price Field Office
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West Ridge Mine
CO # 10051

Total Required Bond Amount

Revised May 2010

Direct Costs

Subtotal Demolition and Removal	\$371,105.00
Subtotal Backfilling and Grading	\$775,240.00
Subtotal Revegetation	\$196,409.00
Direct Costs	\$1,342,754.00

Indirect Costs

Mob/Demob	\$134,275.00	10.0%
Contingency	\$67,138.00	5.0%
Engineering Redesign	\$33,569.00	2.5%
Main Office Expense	\$91,307.00	6.8%
Project Mainagement Fee	\$33,569.00	2.5%
Subtotal Indirect Costs	\$359,858.00	26.8%

Total Cost 2009 Dollars	\$1,702,612.00
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Number of years	3
Escalation factor	1.005
Escalation	\$25,539.00 1.015

Number of years
Escalation Factor
Escalation

Escalated Reclamation Cost to 2013	\$1,728,151.18
Bond Amount (rounded to nearest \$1,000)	\$1,728,000.00
Posted Bond 2009	\$2,184,000.00
Difference Between Cost Estimate and Bond	\$456,000.00
Percent Difference	20.90%

Task ID # / CO 10051

[illegible]